

# Environmental and/or social characteristics

Product name: ODDO BHF Polaris Moderate

Legal Entity Identifier (LEI): 5299003Y51CM7PDO9D49

DOES THIS FINANCIAL PRODUCT HAVE A SUSTAINABLE INVESTMENT OBJECTIVE?

●● <input type="checkbox"/> Yes	●● <input checked="" type="checkbox"/> No
<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: N/A</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: N/A</p>	<p><input checked="" type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.0% of sustainable investments.</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input type="checkbox"/> It promotes E/S characteristics but <b>will not make any sustainable investments</b>.</p>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



## WHAT ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS ARE PROMOTED BY THIS FINANCIAL PRODUCT?

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

The Fund promotes environmental and social characteristics. This is reflected in the construction and weighting of the portfolio on the basis of MSCI ESG Ratings, exclusions and monitoring of controversies:

1. The MSCI ESG Rating evaluates the exposure of companies to ESG related risks and opportunities on a scale of CCC (worst rating) to AAA (best rating). It is based on the sub-ratings on a scale of 0 (worst) to 10 (best) for the environment, social and governance areas. No investments will be made in issuers with an MSCI ESG score of CCC or B.
2. MSCI Business Involvement Screening provides an analysis of the turnover generated by companies in potentially critical sectors. No securities will be acquired from companies if they generate revenue from controversial weapons (biochemical weapons, cluster munitions, blinding lasers, land mines, etc.) or more than a certain amount of revenue from other weapons (proportion of total revenue from nuclear, conventional and civilian weapons), gambling, pornography, tobacco, coal mining or from the generation of electricity from coal.
3. The MSCI ESG Controversies Score analyses and monitors corporate management strategies and their effectiveness in preventing breaches of international norms and standards. Compliance with the UN Global Compact principles is one of the issues monitored. Issuers that do not comply with these principles based on the MSCI ESG Controversies Score are not acquired for the fund.
4. If the fund directly acquires the securities of governments (direct investment), the securities of countries with an inadequate Freedom House score are not acquired. However, Freedom House scores are not considered for securities purchased indirectly as part of an investment in a target fund (no look-through). Additional ESG assessments conducted by in-house research or by third parties may also be used. At least 90% of the issuers in the portfolio have an ESG rating, taking into account the weighting of the individual securities. Target funds with an ESG rating at fund level are also considered. The sub-fund focuses

on companies and countries with a strong sustainability performance And targets an average MSCI ESG rating of A for the Fund assets.

A benchmark index has not been defined to assess whether the environmental and/or social characteristics promoted by the financial product have been attained.

#### WHAT SUSTAINABILITY INDICATORS ARE USED TO MEASURE THE ATTAINMENT OF EACH OF THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THIS FINANCIAL PRODUCT?

The MSCI ESG rating model uses various features and indicators. The fund's monthly ESG report currently includes the following indicators that demonstrate that these have been achieved:

- The portfolio's weighted MSCI ESG rating to assess overall achievement of environmental, social and governance characteristics;
- The weighted MSCI score to assess the quality of corporate governance;
- The weighted MSCI score to assess human capital;
- The Fund's CO<sub>2</sub> intensity (weighted sum: scope 1 and 2 CO<sub>2</sub> emissions divided by the revenue of the respective company).

#### WHAT ARE THE OBJECTIVES OF THE SUSTAINABLE INVESTMENTS THAT THE FINANCIAL PRODUCT PARTIALLY INTENDS TO MAKE AND HOW DOES THE SUSTAINABLE INVESTMENT CONTRIBUTE TO SUCH OBJECTIVES?

**1. Sustainable investments in accordance with the EU Taxonomy:** Contribution to climate change mitigation and adaptation and to the four other environmental objectives of the EU Taxonomy. This contribution is demonstrated by the weighted sum of the returns of each investment in the portfolio that are aligned with the EU Taxonomy and is based on data published by the companies invested in.

**2. Sustainable investments:** Contribution to environmental impact as defined in MSCI ESG Research by the "Sustainable Impact" field in relation to environmental targets. The sustainable impact revenue indicator from MSCI ESG Research measures companies' revenue exposure to environmental themes such as alternative energy, energy efficiency, green building, sustainable water, pollution prevention and control, and sustainable agriculture, but outside of the EU Taxonomy framework. This makes it possible to justify the exposure of economic activities to environmentally sustainable investment objectives that are not aligned with the EU Taxonomy.

#### HOW DO THE SUSTAINABLE INVESTMENTS THAT THE FINANCIAL PRODUCT PARTIALLY INTENDS TO MAKE, NOT CAUSE SIGNIFICANT HARM TO ANY ENVIRONMENTAL OR SOCIAL SUSTAINABLE INVESTMENT OBJECTIVE?

The following approach is defined to be consistent with Article 2(17) of Regulation (EU) 2019/2088 on sustainability-related disclosure requirements in the financial services sector ("SFDR"):

- 1. Rating exclusions:** The Fund does not invest in issuers with an MSCI ESG rating of CCC or B.
- 2. Sector and standard-related exclusions:** The exclusion policy is applied to exclude sectors that have the most significant negative impact on the sustainability objectives. This exclusion policy is consistent with or complements the Fund's specific exclusions and includes coal, UNGC, unconventional oil and gas, controversial weapons, tobacco, biodiversity destruction and fossil fuel production in the Arctic.
- 3. Consideration of the principal adverse impacts:** The fund manager sets control rules (before trading) for certain selected significantly harmful activities: Exposure to controversial weapons (PAI 14 and 0% tolerance), activities negatively affecting biodiversity-sensitive areas (PAI 7 and 0% tolerance), GHG intensity of investee companies (PAI 3 and below the investment universe) and violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10 and 0% tolerance).
- 4. Dialogue, engagement and voting:** Our policy of dialogue, engagement and voting supports the goal of avoiding significant harm by identifying key risks and making our voices heard to drive change and improvement.

#### HOW HAVE THE INDICATORS FOR ADVERSE IMPACTS ON SUSTAINABILITY FACTORS BEEN TAKEN INTO ACCOUNT?

Regulation (EU) 2020/852 defines certain areas that may have a principal adverse impact ("PAI").

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The fund manager applies pre-trade rules to three PAIs: Exposure to controversial weapons (PAI 14 and 0% tolerance), activities negatively affecting biodiversity-sensitive areas (PAI 7 and 0% tolerance), GHG intensity of investee companies (PAI 3 and below the benchmark) and violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (PAI 10 and 0% tolerance).

MSCI ESG ratings incorporate environmental, social and governance issues when the use of other PAI core data for companies and governments can support their ESG rating. For companies, ESG analysis includes, where data is available, GHG emissions (PAI 1), lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (PAI 11), and board gender diversity (PAI 13). For government issuers, GHG intensity per capita (PAI 15, usually based on GDP rather than per capita) and investee countries subject to social violations (PAI 16) are also taken into account. However, the fund manager does not set specific objectives or defined control rules for these other core PAIs apart from those mentioned in the first paragraph.

For more information about MSCI ESG Ratings visit <https://www.msci.com/zh/esg-ratings>

#### HOW ARE THE SUSTAINABLE INVESTMENTS ALIGNED WITH THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES AND THE UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS? DETAILS:

The Company ensures that the UN Global Compact (UNGC) exclusion list is applied to the Fund's investments, as described in the Company's exclusion policy.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

**The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.**

*Any other sustainable investments must also not significantly harm environmental or social objectives.*



#### DOES THIS FINANCIAL PRODUCT CONSIDER PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS?

Yes, in accordance with the provisions of Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR), the fund manager takes sustainability risks into account by incorporating ESG (environmental, social and governance) criteria into the investment decision-making process. This process also makes it possible to assess the management team's ability to manage the negative impacts of their business activities on sustainability. The fund manager considers principal adverse impacts either via pre-trade exclusions or through the integration of ESG ratings, which reflect sustainability risks based on a number of criteria including data on principal adverse impacts.

Information on the principal adverse impacts on sustainability factors is available in the Annual Report pursuant to Article 11(2) of the SFDR.

No



#### WHAT INVESTMENT STRATEGY DOES THIS FINANCIAL PRODUCT FOLLOW?

The objective of investing in ODDO BHF Polaris Moderate is to avoid any major share price setbacks and earn a higher return than a fixed income investment using asset allocation. The fund invests actively in a mixture of bonds, equities, certificates and money market investments. On an aggregated basis, Europe is the predominant focus of the equities and bonds allocation. An active allocation in US and emerging markets securities may also be added at the discretion of the portfolio manager. The target equity quota is between 0 and 40%. The Fund's fixed income investments comprise primarily government and corporate bonds as well as Pfandbriefe. In addition, up to 10% of its assets can be invested in units of investment funds and ETFs. Up to

10% of assets can also be invested in precious metal\* certificates. The Fund may also be managed using financial futures.

In accordance with Article 8 of the SFDR, the fund manager incorporates sustainability risks into the investment process by taking account of ESG (environmental, social and good governance) characteristics when making investment decisions, as well as material adverse impacts of investment decisions on sustainability factors. The investment process is based on ESG integration, normative screening (including UN Global Compact, controversial weapons), sector exclusions and a best-in-class approach.

The Fund's assets are therefore subject to ESG restrictions. In addition, the Company observes the United Nations Principles for Responsible Investment (UN PRI) with respect to environmental, social, and governance issues, and applies them in its commitments by exercising voting rights, actively exercising shareholder and creditor rights, and by engaging in dialogue with issuers. Companies that significantly violate the principles of the UN Global Compact are excluded.

Companies included in the MSCI ACWI Index\*\* represent the starting point for the Fund's investment universe for both equities and corporate bonds. The Fund may also invest in companies or issuers from OECD countries with a market capitalisation of at least EUR 100 million or with at least EUR 100 million in bonds issued. An ESG filter is applied, resulting in the exclusion of at least 20% of companies in the MSCI ACWI Index\*\*. The ESG filter is based on the following ratings, among others:

1. The MSCI ESG Rating evaluates the exposure of companies to ESG related risks and opportunities on a scale of CCC (worst rating) to AAA (best rating). It is based on the sub-ratings on a scale of 0 (worst) to 10 (best) for the environment, social and governance areas. No investments will be made in issuers with an MSCI ESG score of CCC or B.
2. MSCI Business Involvement Screening provides an analysis of the turnover generated by companies in potentially critical sectors. No securities will be acquired from companies if they generate revenue from controversial weapons (biochemical weapons, cluster munitions, blinding lasers, land mines, etc.) or more than a certain amount of revenue from other weapons (proportion of total revenue from nuclear, conventional and civilian weapons), gambling, pornography, tobacco, coal mining or from the generation of electricity from coal.
3. The MSCI ESG Controversies Score analyses and monitors corporate management strategies and their effectiveness in preventing breaches of international norms and standards. Among other things, compliance with the principles of the UN Global Compact is checked. Issuers that do not comply with these principles based on the MSCI ESG Controversies Score are not acquired for the fund.
4. If the Fund acquires the securities or bonds of governments (direct investment), the securities of countries with an inadequate Freedom House score are not acquired. However, Freedom House scores are not considered for securities purchased indirectly as part of an investment in a target fund (no look-through).

Additional ESG assessments conducted by in-house research or by third parties may also be used.

At least 90% of the issuers in the portfolio have an ESG rating, taking into account the weighting of the individual securities. Target funds with an ESG rating at fund level are also considered. The sub-fund focuses on companies and countries with a strong sustainability performance and targets an average MSCI ESG rating of A for the Fund assets.

All direct investments acquired for the Fund are subject to the minimum exclusions applicable to the Fund, which guarantee a minimum level of environmental or social safeguards. However, there is no look-through for the assets of a target fund or certificates.

*\*These certificates must comply with EU Directive 2007/16/EC of 19 March 2007*

*\*\*MSCI ACWI is a registered trademark of MSCI Limited*

## WHAT ARE THE BINDING ELEMENTS OF THE INVESTMENT STRATEGY USED TO SELECT INVESTMENTS TO ATTAIN EACH OF THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THIS FINANCIAL PRODUCT?

The Fund does not acquire the securities of companies generating any turnover with controversial weapons (biological/chemical weapons, cluster munitions, blinding laser weapons, land mines, etc.), or more than a specified level of turnover with other weapons (proportion of total turnover generated from nuclear, conventional and non-military weapons), gambling, pornography, tobacco, coal mining or coal-fired power generation. The fund does not invest in issuers with an MSCI ESG Rating of CCC or B. At least 90% of the issuers in the portfolio have an ESG rating, taking into account the weighting of the individual securities. Target funds with an ESG rating at fund level are also considered. The sub-fund focuses on companies and countries with a strong sustainability performance and targets an average MSCI ESG rating of A for the Fund assets.

The management company also observes the CDP (Carbon Disclosure Project). Furthermore, as part of its exclusion policy, the Company has implemented a tiered divestment strategy, under which it will no longer

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

invest in issuers in the coal industry above certain thresholds. The aim is to reduce thresholds to 0% by 2030 for issuers from EU and OECD countries and by 2040 for the rest of the world. Information and details about the management company's exclusion policy and exclusion thresholds, as well as the Fund's European SRI Transparency Code, which provides further details about ESG integration, exclusions and exclusion thresholds, can be found at [am.oddo-bhf.com](http://am.oddo-bhf.com).

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**WHAT IS THE COMMITTED MINIMUM RATE TO REDUCE THE SCOPE OF THE INVESTMENTS CONSIDERED PRIOR TO THE APPLICATION OF THAT INVESTMENT STRATEGY?**

The fund manager considers non-financial criteria by means of a selectivity-based approach that results in at least 20% of the MSCI ACWI Index being excluded. The approach described above reduces the size of investment opportunities based on applicable exclusions and on the MSCI ESG rating obtained and the ESG ratings assigned to eligible issuers.

**WHAT IS THE POLICY TO ASSESS GOOD GOVERNANCE PRACTICES OF THE INVESTEE COMPANIES?**

The ODDO BHF Asset Management Global Responsible Investment Policy sets out our definition and assessment of good corporate governance and is published on the "am.oddo-bhf.com" website.



**WHAT IS THE ASSET ALLOCATION PLANNED FOR THIS FINANCIAL PRODUCT?**

The fund invests actively in a mixture of bonds, equities, certificates and money market investments.

At least 80% of the Fund's net asset value is aligned with environmental and/or social characteristics. The fund may also hold up to 20% of its net asset value in "Other", as defined below, which includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. At least 10% of the Fund's net asset value is invested in sustainable investments. The Fund may also hold assets aligned with the environmental or social characteristics that do not qualify as sustainable investments. At least 0.5% of the Fund's net asset value is invested in Taxonomy-aligned investments. There is no minimum commitment for other environmental or social investments.

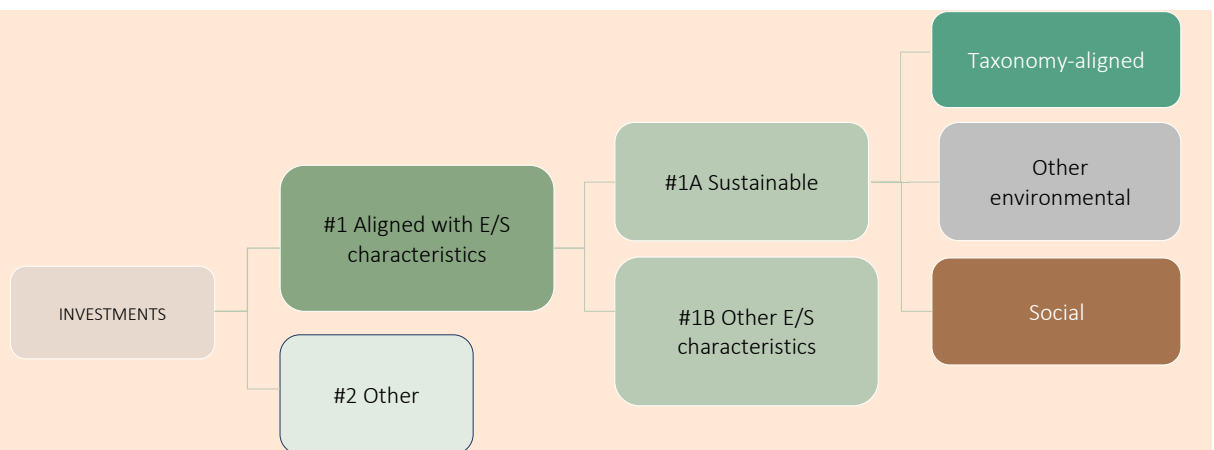
At least 90% of the issuers in the portfolio have an ESG rating, taking into account the weighting of the individual securities. Target funds with an ESG rating at fund level are also considered.

Taxonomy-aligned activities are expressed as a share of:

-**turnover** reflecting the share of revenue from green activities of investee companies.

-**capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

-**operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

HOW DOES THE USE OF DERIVATIVES ATTAIN THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THE FINANCIAL PRODUCT?

Derivatives are not actively used to improve ESG alignment or reduce ESG risk.



TO WHAT MINIMUM EXTENT ARE SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE ALIGNED WITH THE EU TAXONOMY?

Taxonomy-aligned investments include debt and/or equity investments in environmentally sustainable economic activities aligned with the EU Taxonomy. At least 0.5% of the Fund’s net asset value is invested in Taxonomy-aligned investments. Data on Taxonomy alignment is provided by an external data provider; it is not certified by an auditor or verified by a third party. Data is based on turnover, i.e. the assessment of Taxonomy alignment is based on turnover. Currently, there is no method to determine the share of Taxonomy-aligned investments for government bonds. Therefore, no data are available on this.

ARE INVESTMENTS IN ACTIVITIES IN THE FIELD OF FOSSIL GAS AND/OR NUCLEAR<sup>1</sup> ENERGY WHICH ARE ALIGNED WITH THE EU TAXONOMY MADE BY THE FINANCIAL PRODUCT?

- Yes
- In fossil gas       In nuclear energy
- No

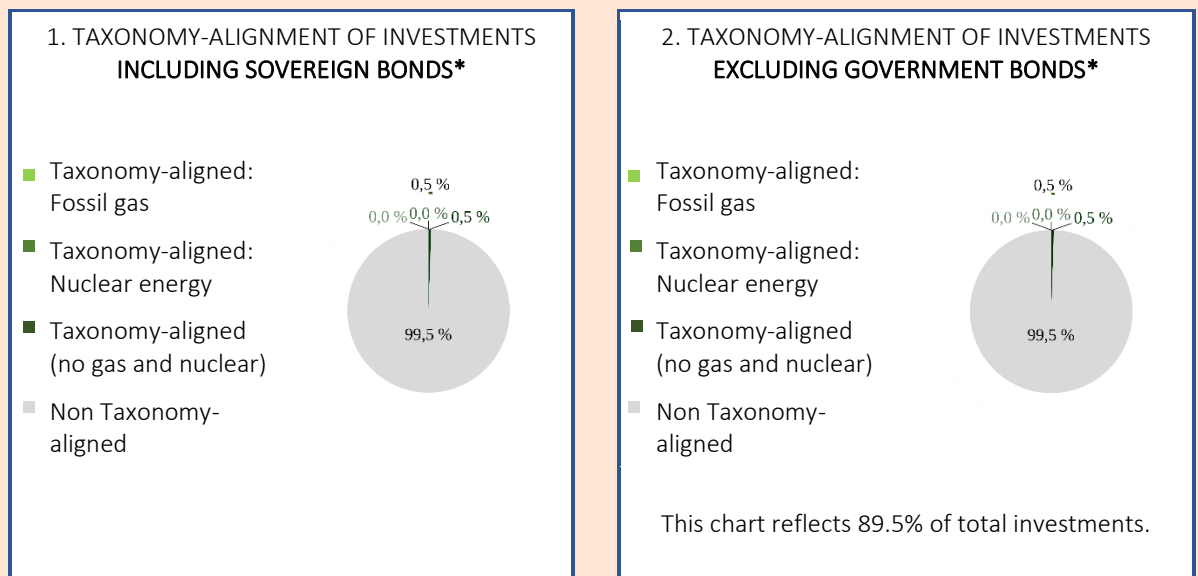
The fund manager analyses the portfolio positions according to ESG criteria. Investments in nuclear energy and fossil gases are not excluded for the fund. A minimum proportion of Taxonomy-aligned activities connected with nuclear energy and/or fossil gases is not intended for the fund.

The criteria for **fossil gas** to qualify as aligned with the EU Taxonomy include restricting emissions and full conversion to renewable energy or low-carbon fuels by the end of 2035. The criteria for **nuclear energy** include comprehensive security and waste management requirements.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, “sovereign bonds” consist of all sovereign exposures.

<sup>1</sup> Activities in the field of fossil gas and/or nuclear energy are only aligned with the EU Taxonomy if they contribute to mitigating climate change (“climate protection”) and do no significant harm to any of the objectives of the EU Taxonomy – see explanation in the left-hand margin. The full criteria for economic activities in the field of fossil gas and nuclear energy which are aligned with the EU Taxonomy are defined in Commission Delegated Regulation (EU) 2022/1214

## WHAT IS THE MINIMUM SHARE OF INVESTMENTS IN TRANSITIONAL AND ENABLING ACTIVITIES?

There is no minimum share of investments in transitional and enabling activities but the Fund may hold such investments.



are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



## WHAT IS THE MINIMUM SHARE OF SUSTAINABLE INVESTMENTS WITH AN ENVIRONMENTAL OBJECTIVE THAT ARE NOT ALIGNED WITH THE EU TAXONOMY?

Sustainable investments are made by the Fund. However, there is no minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



## WHAT IS THE MINIMUM SHARE OF SOCIALLY SUSTAINABLE INVESTMENTS?

There is no minimum percentage of sustainable investments with a social objective, but the Fund may have investments with a social objective.



## WHICH INVESTMENTS ARE INCLUDED UNDER “#2 OTHER”, WHAT IS THEIR PURPOSE AND ARE THERE ANY MINIMUM ENVIRONMENTAL OR SOCIAL SAFEGUARDS?

The investments included in “#2 Other” are cash, derivatives, securities, target funds and other investments for which ESG data and ratings are not available. All direct investments acquired for the Fund are subject to the minimum exclusions applicable to the Fund, which guarantee a minimum level of environmental or social safeguards. However, there is no look-through for the assets of a target fund or certificates.



## IS A SPECIFIC INDEX DESIGNATED AS A REFERENCE BENCHMARK TO DETERMINE WHETHER THIS FINANCIAL PRODUCT IS ALIGNED WITH THE ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS THAT IT PROMOTES?

It is not used as a reference benchmark for determining the Fund’s alignment with the advertised environmental and/or social characteristics.

## HOW IS THE REFERENCE BENCHMARK CONTINUOUSLY ALIGNED WITH EACH OF THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS PROMOTED BY THE FINANCIAL PRODUCT?

See above.

## HOW IS THE ALIGNMENT OF THE INVESTMENT STRATEGY WITH THE METHODOLOGY OF THE INDEX ENSURED ON A CONTINUOUS BASIS?

See above.

## HOW DOES THE DESIGNATED INDEX DIFFER FROM A RELEVANT BROAD MARKET INDEX?

See above.

## WHERE CAN THE METHODOLOGY USED FOR THE CALCULATION OF THE DESIGNATED INDEX BE FOUND?

See above.



## WHERE CAN I FIND MORE PRODUCT SPECIFIC INFORMATION ONLINE?

Further product-specific information is available at: [am.oddo-bhf.com](http://am.oddo-bhf.com)

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.